

Via FedEx

June 15, 2012

Mr. Don Geisinger,
Senior Real Property Agent
Los Angeles County Department of Beaches & Harbors
13837 Fiji Way
Marina del Rey, CA 90292

Re: Bay Club – Phasing of Anchorage Improvements

Dear Don:

The Amended and Restated Lease for Bay Club (the “Restated Lease”) requires that the ground lessee obtain the approval of the Director of the Department of Beaches and Harbors for the marina reconstruction phasing schedule. The Restated Lease allows for this approval to be obtained before the Restated Lease goes into effect. “*Unless approved by Director prior to the Effective Date*, Lessee shall submit to Director for Director’s approval a phasing schedule for the construction of the Redevelopment Work pertaining to the Anchorage Improvements not later than sixty days after the Effective Date.” (Quoting the next to last paragraph of Section 5.1 of the Restated Lease; emphasis added.) This letter seeks the Director’s approval of the phasing schedule for the construction of the Anchorage Improvements.

To minimize boater displacement at any given time, while enabling the construction to potentially be completed before the next pile construction moratorium starts on April 1, 2013 (thereby minimizing boater displacement and unnecessary vacancy), the marina construction will take place in five phases. The phases will move from west to east. Phase 1 will include the most westerly three docks (Docks B 3100, B 2900 and B 2700); Phase 2 will include Docks B 2500 and B 2300; Phase 3 will include Docks B 2100 and B 1900; Phase 4 will include Docks B 1700 and B 1500; and finally, Phase 5 will include the two most easterly docks, Docks B 1300 and B 1100. Enclosed is a site plan of the marina showing the location of each of the docks.

Notices to tenants will be given Phase by Phase. In the notice the tenant is advised of the impending construction and given 60 days to relocate. The notices will typically be delivered 90 days in advance of the anticipated start date for the Phase, to allow a cushion to relocate tenants who do not timely comply with the 60 day notice. We believe that sending the notice 90 days in advance of the anticipated start date strikes the right balance between including an appropriate contingency, and avoiding unnecessary vacancies and delay.

As much as possible, tenants vacating the Phase 1 slips are being temporarily relocated into existing vacancies within the docks of other Phases. As later Phases are completed, the tenants will be able to relocate into completed earlier Phases. By the time the 60 day relocation period ends for the Phase 3 tenants, Phase 1 should be completed. By the time the 60 day relocation period ends for the Phase 4 tenants, both Phases 1 and 2 should be completed. And by the time the 60 day relocation period ends for the Phase 5 tenants, Phases 1 through 3 should all be completed.

Construction of the Anchorage Improvements at the site is scheduled to start August 24, 2012 and end May 24, 2013. No pile construction will take place between April 1 and August 31 of any year.

Assuming all goes exactly as scheduled by the design-build contractor, Bellingham Marine, Inc., construction of each Phase at the site will be begin and end as follows:

- Phase 1 is scheduled to start August 24, 2012 and end October 24, 2012. Notice for Phase 1 was given on May 1, 2002, with the 60 day notice period ending on June 30, 2012. The template for the May 1 notice is enclosed.
- Phase 2 is scheduled to start October 15, 2012 and end December 12, 2012. Notice to the tenants will be given on or about July 15, 2012, with the 60 day notice period ending on or about September 13, 2012.
- Phase 3 is scheduled to start December 3, 2012 and end January 30, 2013. Notice to the Phase 3 tenants will be given on or about September 3, 2012, with the 60 day notice period ending on or about November 2, 2012 (which is after the expected completion of Phase 1).
- Phase 4 is scheduled to start January 21, 2013 and end March 8, 2013. Notice to the Phase 4 tenants will be given on or about October 21, 2012, with the 60 day notice period ending on or about December 20, 2012 (which is after the expected completion of Phases 1 and 2).
- Phase 5 is scheduled to start February 27, 2013 and end May 24, 2013. Notice to the Phase 5 tenants will be given on or about December 2, 2012, with the 60 day notice period ending on or about January 31, 2013 (which is after the expected completion of Phases 1 through 3).

As you know, many unforeseen variables can arise during construction, and therefore the start and completion date for each Phase and the associated notice dates cannot be known with precision. Also, if construction is delayed materially, the completion date of later Phases will be substantially impacted because no pile construction can take place from April 1 to August 31. Therefore, we must allow for a reasonable minimum time contingency of two months beyond the

scheduled end date for Phase 1, four months beyond the scheduled end date of Phase 2, 13 months beyond the scheduled end date of Phase 3 (because now one must include the seven month moratorium period), 15 months beyond the scheduled end date of Phase 4, and 17 months beyond the scheduled end date of Phase 5. Even if construction were to extend through the entire contingency period just described, completion of the Anchorage Improvements would still be achieved more than two years before the "Required Anchorage Improvements Completion Date" under Section 5.1 of the Restated Lease.

Very Truly Yours,

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right.

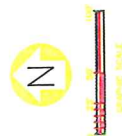
Thomas E. Schiff,
Executive Vice President and General Counsel of
Decron Properties Corp., agent for
NF Marina, LP

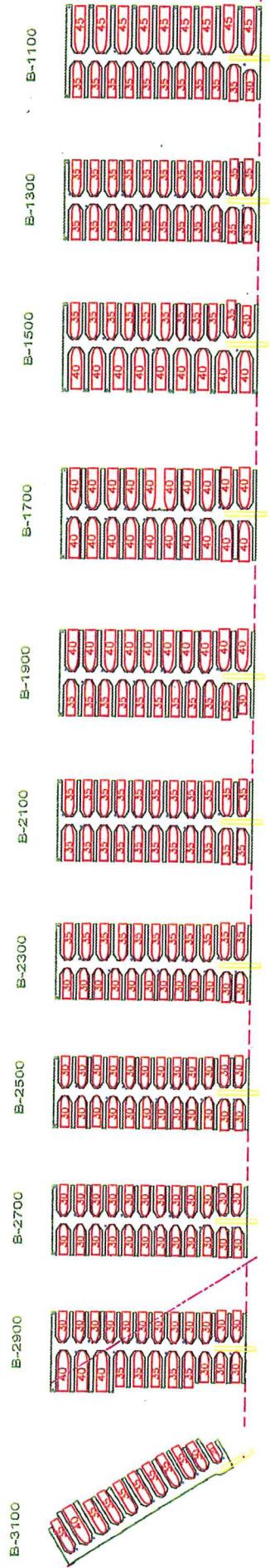
cc (w/ encl., by email):

Mr. David J. Nagel
Ms. Stephanie Turrini
Mr. Doug Pease
Mr. Randy Sovereign
Adam Berkoff, Esq.



THE BAY CLUB

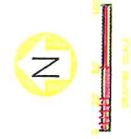




EXISTING DOCK LAYOUT

252 Slips
 (Lease Slip Mix)

THE BAY CLUB



SLIP LENGTH	DOCK												TOTAL QTY	OVERALL LENGTH
	B1100	B1300	B1500	B1700	B1900	B2100	B2300	B2500	B2700	B2900	B3100			
20													1	20
30	1												1	30
35	10	22	10	10	10	22	11	12	24	15			8	2370
40			9	20	10					3			1	3430
45														1720
Total	20	22	20	20	21	22	23	24	24	23	11		230	7945
Average Slip Length:														34.54
End Use	2	2	2	2	2	2	2	2	2	2	2		22	861
Total													252	

URS

EXISTING

(118 Piles) T.B.V.

May 1, 2012

Bay Club Boater
Slip B-xxxx
Los Angeles, Ca. 90066

Dear Mr. _____,

The time has come to begin preparations for the pending slip renovation project. The first phase of this project will require that all slip tenants occupying slips in docks B-3100, B-2900, and B-2700, relocate their vessels within the next Sixty days—that is, no later than June 30, 2012

It is the intention of The Bay Club marina to try and accommodate as many boaters as possible in available slips within the Bay Club Marina, prior to the beginning of renovations. However, it may not be possible to accommodate all boaters from the three docks mentioned above. We will begin at the B-3100 dock, and assign available slips to as many vessels as we are able to accommodate.

There are several vessels within The Bay Club Marina which cannot be determined “Seaworthy.” If your vessel cannot be determined “Seaworthy,” (i.e. it does not have functioning propulsion, is not capable of leaving or entering the slip under its own power, or has safety issues as delineated under the United States Coast Guard Seaworthiness and Safety Inspection, or The Harbors and Navigation Code of the State of California, or any pertinent regulations of the Department of Beaches and Harbors, Los Angeles) you will not be considered for transfer. You may be considered for slip transfer, PROVIDED you are able to bring the vessel up to “Seaworthy” condition within the period prior to May 31, 2012, and PROVIDED there is an available slip to accommodate you.

If your vessel is not determined “Seaworthy,” by the Landlord, or his designated Agent, and you are unable to make it so by May 31st, 2012, then be advised that you are hereby notified sixty days in advance of the need to relocate your vessel and surrender the slip by June 30, 2012, per the terms of your lease agreement.

We appreciate your understanding and cooperation in this matter,

Dockmaster,
The Bay Club Marina